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## **News Release**

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### **Last defendant in First Rate Mortgage scheme is sentenced**

The last defendant involved in a fraudulent mortgage brokering business known as First Rate Mortgage Group that resulted in a loss to area banks of more than \$2.3 million was sentenced last week in federal court.

On Aug. 7, United States District Court Judge Joan Ericksen sentenced Christopher Erik Septon, 35, Big Lake, to two years in prison. She also sentenced him to three years supervised release and ordered him to pay more than \$2.3 million in joint restitution with the other defendants.

The co-defendants in the case are: Sean Brian Leaf, 35, Woodbury, who was sentenced on May 9 to 18 months in prison and three years probation; Joddilee Margaret Lindberg, 50, Minneapolis, who was sentenced on May 9 to four years probation and eight months of community confinement with work release; and Micah Daniel Thormodsgaard, 25, St. Paul, who was sentenced on April 3 to three years probation; Edward Arnold Septon, 59, Naples, Fla., who was sentenced on May 28 to 70 months in prison and five years supervised release; and Christopher Adam Horton, 34, Minnetonka, who was sentenced on May 12 to 24 months in prison and three years supervised release.

All six defendants pleaded guilty last fall to one count of conspiracy to commit mail fraud and bank fraud, and Edward Septon also pleaded guilty to one count of bank fraud on Sept. 21, 2007. All six were charged on Aug. 8, 2007.

According to their respective plea agreements, they admitted that between 2000 and August 2004 they conspired to use the U.S. Mail to execute a scheme to defraud financial institutions and private mortgage lenders of funds. Specifically, through their business, First Rate Mortgage Group, they represented that, for a fee, they could help people obtain financing for the purchase of real estate.

In furtherance of their scheme, they mailed false and fraudulent loan applications to banks and mortgage lending companies, which concealed that First Rate Mortgage had loaned the money for the down payment to the borrower. The applications also inflated the borrower's

income and assets, falsely described the borrower's employment, contained forged signatures, and attached false documents, including pay stubs, gift letters, bank statements and bank notes.

In January 2004, the six defendants caused false loan applications to be submitted to Washington Mutual Bank in the amount of \$1,330,000, and Associated Bank in the amount of \$378,555 on behalf of a borrower purchasing property in Wayzata. The applications falsely stated the source of the down payment, which had been loaned by the conspirators, and included other falsified information.

This case is the result of an investigation by the Federal Bureau of Investigation and the U.S. Postal Inspection Service, and is being prosecuted by Assistant U.S. Attorney John R. Marti.